

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION  
of the 111<sup>th</sup> Congress<sup>1</sup>**

[Date approved: April 2, 2010]<sup>2</sup>

**Bill No. and sponsor:** S. 2519 (Mr. Lindsey Graham of South Carolina).

**Proponent name,<sup>3</sup> location:** Michelin North America, Inc., Greenville, SC.

**Other bills on product (111<sup>th</sup> Congress only):** None.

**Nature of bill:** Temporary duty suspension through December 31, 2011.

**Retroactive effect:** None.

**Suggested article description(s) for enactment (including appropriate HTS subheading(s)):**

Post systems, feeder systems, reels, conveying equipment, controlling machinery and other motor vehicle tire production machinery, all the foregoing designed for the production of tires having a tread width of more than 450 mm, and parts thereof (provided for in subheading 8477.51.00, 8477.90.25, 8477.90.65 or 8477.90.85).

**Check one:** ☐ Same as that in bill as introduced.  
☒ Different from that in bill as introduced (see Technical comments section).

**Product information, including uses/applications and source(s) of imports:**

The subject machines, including but not limited to post systems, feeder systems, reels, conveying equipment, and controlling machinery, are used for molding or retreading pneumatic tires or for molding or otherwise forming inner tubes. Post systems, feeder systems, reels, and conveying equipment manage and feed material into the tire-building process to construct the tire carcass, layer the belts on the carcass, and shape the carcass into a green or uncured tire.<sup>4</sup> The bead assemblies,<sup>5</sup> calendered plies,<sup>6</sup> belts<sup>7</sup> and inner liner,<sup>8</sup> tread without a pattern, and sidewall sections are on reels that are fed into the tire-building machine. In constructing the carcass, the inner liner is wrapped around a large drum. The tire bead is the next layer added, followed by tire cord ply. Then the sidewalls are pressed onto this carcass. The belts

<sup>1</sup> Industry analyst preparing report: Dennis Fravel (202-205-3404 ); Tariff Affairs contact: Jan Summers (202-205-2605).

<sup>2</sup> Access to an electronic copy of this memorandum is available at [http://www.usitc.gov/tariff\\_affairs/congress\\_reports/](http://www.usitc.gov/tariff_affairs/congress_reports/).

<sup>3</sup> The sponsor/proponent did not identify any additional beneficiaries of this bill.

<sup>4</sup> Green tires are tires that have been assembled from components—namely, treads, plies, steel belts, sidewalls, liners, and bead bundles that have been cured or molded together.

<sup>5</sup> Tire bead is a loop of high-strength steel cable coated with rubber that is positioned on the inner diameter of the tire to seat the tire on the wheel rim.

<sup>6</sup> Ply is a layer of steel cord wire that runs from side to side, upon which the steel belts and tread are layered.

<sup>7</sup> Steel cord belts are composed of steel filaments (wires) woven together to form cord. The cord is then woven into a belt that is used to reinforce the rubber in radial tires.

<sup>8</sup> The inner liner is a nonpermeable rubber liner covering the inside of the tire from side to side that allows the tire to be inflated with air.

and tread are then applied. The bill would cover machinery used to build or mold truck and automobile tires with a tread width of 450 mm (approximately 17.7 inches) or greater, typically used on military vehicles which need extra-wide tires. The source of imports of this particular machinery is Germany.

**Total Estimated Revenue Loss for this Bill**

	2010	2011	2012	2013	2014
Customs revenue loss	\$496,000	\$496,000	\$496,000	\$496,000	\$496,000

**Estimated effect on customs revenue for the subject product classifiable in HTS subheading 8477.51.00:**

	2010	2011	2012	2013	2014
Col. 1-General rate of duty	3.1%	3.1%	3.1%	3.1%	3.1%
Estimated value <i>dutiable</i> imports <sup>a</sup>	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000
Customs revenue loss <sup>b</sup>	\$77,500	\$77,500	\$77,500	\$77,500	\$77,500

a/ Dutiable import estimates were based on official U.S. Government statistics, industry information, and Commission estimates.

b/ At the request of Congress, customs revenue loss is provided for 5 years, although the effective period of the proposed legislation may differ.

**Estimated effect on customs revenue for the subject product classifiable in HTS subheading 8477.90.25:**

	2010	2011	2012	2013	2014
Col. 1-General rate of duty	3.1%	3.1%	3.1%	3.1%	3.1%
Estimated value <i>dutiable</i> imports <sup>a</sup>	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
Customs revenue loss <sup>b</sup>	\$46,500	\$46,500	\$46,500	\$46,500	\$46,500

a/ Dutiable import estimates were based on official U.S. Government statistics, industry information, and Commission estimates.

b/ At the request of Congress, customs revenue loss is provided for 5 years, although the effective period of the proposed legislation may differ.

**Estimated effect on customs revenue for the subject product classifiable in HTS subheading 8477.90.65:**

	2010	2011	2012	2013	2014
Col. 1-General rate of duty	3.1%	3.1%	3.1%	3.1%	3.1%
Estimated value <i>dutiable</i> imports <sup>a</sup>	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Customs revenue loss <sup>b</sup>	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000

a/ Dutiable import estimates were based on official U.S. Government statistics, industry information, and Commission estimates.

b/ At the request of Congress, customs revenue loss is provided for 5 years, although the effective period of the proposed legislation may differ.

**Estimated effect on customs revenue for the subject product classifiable in HTS subheading 8477.90.85:**

	2010	2011	2012	2013	2014
Col. 1-General rate of duty	3.1%	3.1%	3.1%	3.1%	3.1%
Estimated value <i>dutiable</i> imports <sup>a</sup>	\$11,000,000	\$11,000,000	\$11,000,000	\$11,000,000	\$11,000,000
Customs revenue loss <sup>b</sup>	\$341,000	\$341,000	\$341,000	\$341,000	\$341,000

a/ Dutiable import estimates were based on official U.S. Government statistics, industry information, and Commission estimates.

b/ At the request of Congress, customs revenue loss is provided for 5 years, although the effective period of the proposed legislation may differ.

**Contacts with domestic firms/organizations (including the proponent):**

Name of firm/organization	Date contacted	Claim US makes same or competing product(s)?	Submission attached?	Opposition noted?
		(Yes/No)		
Michelin North America, Inc. (Proponent) Steve Evered, 864-458-5080	11/27/2009	No	No	No
Bartell Machinery, LLC Jerry Eisenhart, Fax: 315-336-0947	11/27/2009	No	Yes	Yes
Bridgestone Firestone, Inc. Steve Akey, 202-354-8220	11/27/2009	No	No	No
Carlisle Tire & Wheel Co. Fred Sutter, Fax: 803-643-2919	11/27/2009	No	No	No

Name of firm/organization	Date contacted	Claim US makes same or competing product(s)?	Submission attached?	Opposition noted?
		(Yes/No)		
Denman Tire Corp. Mike Bicknell, mbicknell@denamantire.com	11/27/2009	No	No	No
Farrel Corp. Bill Flaherty, Fax: 203-736-5580	11/27/2009	No	No	No
Goodyear Tire & Rubber Co. Isabel Jasinowski, 202-682-9250	11/27/2009	No	No	No
Herbert Machine Works, Inc. Matthias Walter, Fax: 330-929-4298	11/27/2009	No	No	No
King Machine of Charlotte Dan Centea, 704-583-0486	11/27/2009	No	No	No
Kobelco Stewart Bolling, Inc. David Sealfon, d.sealfon@kbsi.com	11/27/2009	No	No	No
Mitsubishi Heavy Industries America, Inc. Eiichi Ishii, Fax: 330-427-8909	11/27/2009	No	No	No
Purcell Tire & Rubber Co. Dennis Flynn, dflynn@purcelltire.com	11/27/2009	No	No	No
Quality Mold, Inc. Steve Zoumberakis, Fax: 330-645-2493	11/27/2009	No	No	No
R & D Mold & Machine, Inc. Ken Owens, Fax: 931-379-0228	11/27/2009	No	No	No
Rogers Industrial Products, Inc. John R. Cole, 330-535-3331	11/27/2009	Yes	Yes	Yes
RJS Corp. Raymond Slezak, Fax: 330-896-3282	11/27/2009	No	No	No
RRR Development Co., Inc. Bob Irwin, 330-966-8855	11/27/2009	Yes	Yes	Yes
Spadone-Hypex, Inc. George Pihonak, Fax: 203-877-1173	11/27/2009	No	No	No
Specialty Tires of America, Inc. Mark Grant, 724-349-9010	11/27/2009	No	No	No
Steelastic LLC Brian Fetzer, Fax: 330-633-0527	11/27/2009	No	No	No
Titan International, Inc. Bill Campbell, Fax: 217-221-4771	11/27/2009	No	No	No
Wyko Tire Technology, Inc. Mike Evans, 865-856-2317	11/27/2009	No	No	No

**Technical comments:<sup>9</sup>**

Because the HTS does not use a comma after the penultimate item in a series, such commas were deleted from the proposed article description, but no other substantive changes are suggested. We note that it would likely be difficult for Customs and Border Protection officials to know what the named individual machines or components are, given that the proposed heading uses terms like “post systems” or “reels” that are not used in chapter 84 and are not defined in the HTS. Nonetheless, the fact that the description would cover all other (nonenumerated) machinery that is capable of producing wide tires, or any part thereof, provided that it is classified in a named HTS subheading in heading 8477, may avoid the need to pin down the types of goods of interest to the proponent more closely, because it demonstrates a broad intended coverage. The proposed language suggests that the only real decisions required for each item are the initial classification decision and a determination that it is machinery or parts designed to produce wide tires (assuming that tread width can be measured accurately, given that the bill does not specify the types of motor vehicles that have such tires or their own tariff classification). We defer to Customs concerning any problems with the latter. There may be some difficulty for importers in knowing precisely which chapter 99 provision to use for particular machinery, because several headings in subchapter II of that chapter cover different tire-building machines and parts thereof.

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<sup>9</sup> The Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only the U.S. Customs Service is authorized to issue a binding ruling on this matter. The Commission believes that the U.S. Customs Service should be consulted prior to enactment of the bill.

111TH CONGRESS  
1ST SESSION

# S. 2519

To suspend temporarily the duty on certain tirebuilding machines used in the manufacture of extra-wide pneumatic truck and automobile tires, and parts and accessories thereof.

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IN THE SENATE OF THE UNITED STATES

OCTOBER 29, 2009

Mr. GRAHAM introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To suspend temporarily the duty on certain tirebuilding machines used in the manufacture of extra-wide pneumatic truck and automobile tires, and parts and accessories thereof.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. CERTAIN TIREBUILDING MACHINES USED IN**  
4 **THE MANUFACTURE OF EXTRA-WIDE PNEU-**  
5 **MATIC TRUCK AND AUTOMOBILE TIRES, AND**  
6 **PARTS AND ACCESSORIES THEREOF.**

7 (a) IN GENERAL.—Subchapter II of chapter 99 of  
8 the Harmonized Tariff Schedule of the United States is

- 1 amended by inserting in numerical sequence the following  
 2 new heading:

“	9902.01.00	Post systems, feeder systems, reels, conveying equipment, controlling machinery, and other motor vehicle tire production machinery, all the foregoing designed for the production of tires having a tread width of more than 450 mm, and parts thereof (provided for in subheading 8477.51.00, 8477.90.25, 8477.90.65, or 8477.90.85) ..	Free	No change	No change	On or before 12/31/2011	”.
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- 3 (b) EFFECTIVE DATE.—The amendment made by  
 4 subsection (a) applies to articles entered, or withdrawn  
 5 from warehouse for consumption, on or after the 15th day  
 6 after the date of the enactment of this Act.

